

Section D: Figure your Credit

Maximum allowable amount D1 \$ **12,000**

Enter your total federal income from Section A line A1 D2 \$ - _____

Subtract line D2 from line D1 and enter the difference here D3 \$ _____

Multiply line D3 by 3.4% (.034). This is your credit (if less than zero, enter zero.) Enter here and on Form IT-40 line 23 or on Form IT-40PNR line 21. **NOTE:** You must attach this schedule to your tax return to receive the credit **Indiana's Earned Income Credit** ➤ D4 \$

Worksheet: Complete only if you were self-employed

If filing a joint return and your spouse was also self-employed or reported income and expenses on federal Schedule C or C-EZ as a statutory employee, combine your spouse's amounts with yours to figure the amounts to enter below.

1. If you are filing federal Schedule SE:

- a. Enter the amount from federal Schedule SE, Section A, line 3, or Section B, line 3, whichever applies 1a _____
- b. Enter the amount, if any, from federal Schedule SE, Section B, line 4b 1b _____
- c. Add lines 1a and 1b 1c _____
- d. Enter the amount from federal Form 1040 line 27 1d _____
- e. Subtract line 1d from line 1c **1e** _____

2. If you are NOT required to file federal Schedule SE (for example, because your net earnings from self-employment were less than \$400), complete lines 2a through 2c. But **do not** include on these lines any statutory employee income or any amount exempt from self-employment tax as the result of the filing and approval of **federal Form 4029** or **federal Form 4361**.

- a. Enter any net farm profit or (loss) from federal Schedule F, line 36, and farm partnerships from federal Schedule K-1 (Form 1065), line 15a 2a _____
- b. Enter any net profit or (loss) from federal Schedule C, line 31, federal Schedule C-EZ, line 3, federal Schedule K-1 (Form 1065), line 15a (other than farming), and federal Schedule K-1 (Form 1065-B), box 9. 2b _____
- c. Add lines 2a and 2b. Enter the total even if a loss **2c** _____

3. If you are filing federal Schedule C or C-EZ as a statutory employee,

enter the amount from line 1 of that federal Schedule C or C-EZ **3** _____

4. Add lines 1e, 2c and 3. Enter the total here and on Schedule IN-EIC, Section C, line C3 even if a loss. If the result is a loss, enter it in parentheses **4** _____

You will need to complete the above worksheet if you have earnings from self-employment because these earnings are earned income for the credit. You may have earnings from self-employment if:

- You own your own business,
- You are a minister or member of a religious order, or
- You reported income and expenses on federal Schedule C or C-EZ as a statutory employee.

Statutory employee's earnings. If you reported income and expenses on federal Schedule C or C-EZ as a statutory employee, your earnings from self-employment are the amount on line 1 of either schedule.

Other earnings. Your earnings from self-employment in a business you own, or from your services as a minister or member of a religious order, are earned income for the credit.

Federal Schedule SE. If you filed federal Schedule SE, your earnings from self-employment are the amount you get after you subtract one-half of your self-employment tax (federal Form 1040, line 27)

from your net profit (federal Schedule SE, line 3 of either Section A or Section B, whichever applies). **If you do not have to file federal Schedule SE**, your earnings (or loss) from self-employment are the net profit or loss from your self-employment activities.

Special procedures for a minister or member of a religious order.

If you file federal Schedule SE and the amount on line 2 of that schedule includes an amount that was also reported on federal Form 1040, line 7, determine how much of the income reported on federal Form 1040, line 7, was also reported on federal Schedule SE, line 7. If you received a housing allowance or were provided housing, **do not** include the allowance of rental value of the parsonage as nontaxable earned income on line 4 of the worksheet above if it is required to be included on federal Schedule SE, line 2. Then, determine how much of the income reported on federal Form 1040, line 7, was also reported on federal Schedule SE, line 2. Next, subtract that income from the amount on federal Form 1040, line 7. Then, enter only the result on line 1 of the worksheet above.